

In the Claims:

This listing of claims will replace all prior versions, and listings, of claims in the application.

1. (original) Steel superior in machinability comprised of, by wt%,

C: 0.005 to 0.2%,

Si: 0.001 to 0.5%,

Mn: 0.2 to 3.0%,

P: 0.001 to 0.2%,

S: 0.03 to 1.0%,

T.N: 0.002 to 0.02%,

T.O: 0.0005 to 0.035%, and

the balance of Fe and unavoidable impurities, said steel satisfying one or both of Mn/S in the steel being 1.2 to 2.8 or an area ratio of pearlite over a grain size of 1  $\mu\text{m}$  in a microstructure of the steel being not more than 5% and a surface roughness Rz of the steel being not more than 11  $\mu\text{m}$ .

2. (original) Steel superior in machinability characterized by containing, by wt%, C: 0.005% to 0.2%, Mn: 0.3 to 3.0%, and S: 0.1 to 1.0%, by having a density of MnS having a circle equivalent diameter of 0.1 to 0.5  $\mu\text{m}$  at a cross-section parallel to a rolling direction of the steel material, taken from an extraction replica and observed by a transmission electron microscope, of at least 10,000/ $\text{mm}^2$ , and by having a cut surface roughness Rz of the steel of not more than 11  $\mu\text{m}$ .

3. (original) Steel superior in machinability as set forth in claim 1 or 2, said steel characterized by further containing B: 0.0005 to 0.05 wt%.

4. (original) Steel superior in machinability as set forth in claim 1, said steel characterized by having a density of MnS having a circle equivalent diameter of 0.1 to 0.5  $\mu\text{m}$  at a cross-section parallel to a rolling direction of

the steel material, taken from an extraction replica and observed by a transmission electron microscope, of at least 10,000/mm<sup>2</sup>.

5. (original) Steel superior in machinability as set forth in claim 1, said steel characterized by further restricting the amount of S to 0.25 to 0.75 wt% and the amount of B to 0.002 to 0.014 wt%, by containing amounts of S and B in a region surrounded by A, B, C, and D shown in FIG. 4 where the contents of S and B satisfy the following equation (1), and by containing sulfides with BN precipitated in MnS:

$$(B-0.008)^2/0.006^2+(S-0.5)^2/0.25^2 \leq 1 \quad \dots (1)$$

6. (original) Steel superior in machinability as set forth in claim 1 or 2, said steel characterized by further containing, by wt%, one or more of,

V: 0.05 to 1.0%,  
Nb: 0.005 to 0.2%,  
Cr: 0.01 to 2.0%,  
Mo: 0.05 to 1.0%,  
W: 0.5 to 1.0%,  
Ni: 0.05 to 2.0%,  
Cu: 0.01 to 2.0%,  
Sn: 0.005 to 2.0%,  
Zn: 0.0005 to 0.5%,  
Ti: 0.0005 to 0.1%,  
Ca: 0.0002 to 0.005%,  
Zr: 0.0005 to 0.1%,  
Mg: 0.0003 to 0.005%,  
Te: 0.0003 to 0.05%,  
Bi: 0.005 to 0.5%,  
Pb: 0.01 to 0.5%, and  
Al: ≤0.015%.

7. (currently amended) A method of production of steel superior in machinability ~~as set forth in any one of claims 1 to 3~~, said method of production of steel characterized by casting molten steel having the steel ingredients as set forth in claim 1, then cooling at a cooling rate of 10 to 100°C/min, then cooling at a cooling rate of at least 0.5°C/sec in a range from an A<sub>3</sub> point to 550°C.

8. (currently amended) A method of production of steel superior in machinability ~~as set forth in claim 4 or claim 5~~, said method of production of steel characterized by casting molten steel having the steel ingredients as set forth in claim 2, then cooling at a cooling rate of 10 to 100°C/min, restricting a finishing temperature of hot rolling to at least 1,000°C, then cooling at a cooling rate of at least 0.5°C/sec in a range from an A<sub>3</sub> point to 550°C.

9. (currently amended) A method of production of steel superior in machinability as set forth in ~~any one of claims 1 to 6~~ claim 7 or 8, said method of production of steel characterized by restricting a heating temperature for adjusting hardness to not more than 750°C after the cooling after the hot rolling.

10. (currently amended) A method of production of steel as described in ~~any one of claims 7 to 9~~ claim 7 or 8, wherein said steel is steel superior in machinability characterized by further containing, by wt%, one or more of,

V: 0.05 to 1.0%,

Nb: 0.005 to 0.2%,

Cr: 0.01 to 2.0%,

Mo: 0.05 to 1.0%,

W: 0.5 to 1.0%,

Ni: 0.05 to 2.0%,

Cu: 0.01 to 2.0%,

Sn: 0.005 to 2.0%,

Zn: 0.0005 to 0.5%,  
Ti: 0.0005 to 0.1%,  
Ca: 0.0002 to 0.005%,  
Zr: 0.0005 to 0.1%,  
Mg: 0.0003 to 0.005%,  
Te: 0.0003 to 0.05%,  
Bi: 0.005 to 0.5%,  
Pb: 0.01 to 0.5%, and  
Al:  $\leq 0.015\%$ .